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L E A S E

LEASE made this 1st day of September, 1966, by and between ASSUNTA DESIMONE, a widow, and THE NATIONAL BANK OF COMMERCE OF SEATTLE, HAROLD S. SHEFELMAN, RICHARD DESIMONE and MONDO DESIMONE, as Trustees under the Last Will and Testament of Guiseppe Desimone, deceased, herein-after referred to as "Lessors," and THE BOEING COMPANY, a Delaware corporation, hereinafter referred to as "Lessee."

In consideration of the mutual covenants hereafter stated and for other valuable consideration, the parties lease, covenant and agree as follows:

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1. Leased Property. Lessors hereby lease to Lessee the following described real property sitated in King County, Washington:

That portion of Tracts 63 and 64 of Moore's Five Acre Tracts, described as follows: Beginning at the intersection of the northerly line of Tract 64, Moore's Five Acre Tracts, according to plat thereof as recorded in Vol. 9 of Plats, page 28, records of King County and the westerly margin of East Marginal Way as now established; thence S 23°40'12" E along said westerly margin, 60.16 feet to the true place of beginning of this description; thence continuing along said westerly margin S 23°40'12" E, 217.76 feet; thence S 62°01'41" W, 286.93 feet, thence N 24°28'38" W, 157.45 feet; thence S 62°01'41" W, 153.00 feet; thence N 24°28'38" W, 60.11 feet; thence N 62°01'41" E, 442.99 feet to the true place of beginning;

(hereinafter called "the leased property"), subject to the month to month tenancy of Mr. (b) (6) extending from the beginning of the rental period to and including August

31, 1967.

2. Lease Term. The term of this lease shall commence on the first day of September, 1966, and shall continue for 41 years, through the 31st day of August, 2007; provided, that the Lessee may terminate this lease as of the 31st day of August of the year 1977, 1987 or 1997, by giving notice thereof to Lessors at least one (1) year prior to the intended termination date.

3. Rent.

(a) For the leased property as described in clause 1 Lessee shall pay to Lessors, in two equal installments, one each on the first days of the months of September and March, respectively, during each year of the lease term, rent at an annual rate of \$4,536.00; provided that the first rental payment shall be payable on the date the Lessee is given possession in accordance with clause 6 hereof; and such rental shall be subject to abatement at the rate of \$11.88 per day for each day that Lessee is not given full possession of the leased property as required by clause 6.

(b) On the 31st day of August of the years 1977, 1987 and 1997, the annual rent provided for in paragraph (a), above shall be adjusted to determine the annual rental for the immediately

following ten year periods beginning September 1, 1977, 1987 and 1997. Such adjusted annual rental shall be 7% of the appraised value of the land described in the lease determined pursuant to paragraph (c) of this clause 3.

(c) The appraised value of the land area subject to the lease, shall be determined subsequent to but as of the first day of the rental year preceding the ten (10) year period to which the new annual rental is applicable, in the following manner:

(i) By the agreement of the parties hereto.

(ii) In the event either party decides, subsequent to the date as of which such total appraised value is to be determined, that an agreement cannot be reached, such party may notify the other party of such decision. Within ten (10) days after such notification, each party shall appoint one (1) member of an appraisal board by notifying the other party of the appointment.

Within thirty (30) days after the last such appointment, the two (2) appointees shall appoint a third member of the board,

but if either party does not so appoint a member of the board or the two (2) appointees cannot so agree on a third member, upon application by either party with three (3) days' notice thereof to the other party, the then presiding judge of the Superior Court of the State of Washington in and for King County shall appoint the remaining member or members thereof. Said board, by agreement of any two (2) thereof, shall determine the total appraised value of the land area subject to the lease at the full and fair market value thereof without any consideration of any improvements thereon or any public improvements for which Lessee shall have paid or be required to pay pursuant to clause 10 of this lease. However, in the event the board as appointed does not appraise the land as set forth above within sixty (60) days from the time said board is appointed, upon application by either party with three (3) days' notice thereof to the other party, the then presiding judge of the Superior Court of the State of Washington in and for King County shall appoint a board of one (1) who shall so appraise the land

within thirty (30) days from the time of his appointment. The expense of determining the total appraised value of the land area subject to the lease as set out in this sub-paragraph shall be divided equally between the parties and each appointee to the appraisal board shall be a qualified real estate appraiser.

(d) In the event an adjusted annual rental is not determined as provided in this lease at the time an adjusted rental payment is due, such payment shall be made on the basis of the annual rental otherwise due and as soon as such adjusted annual rental is determined any additional amount shall be paid to Lessors or any reduced amount shall be refunded to Lessee.

4. Railroad Spur Track. The parties hereto agree that Lessors and Lessors' agents, employees, licensees, and tenants of any portion of Tracts 56, 61, 62, 63 and 64 of Moore's Five Acre Tracts may use and maintain the railroad spur track now in existence on the leased property, and which runs through the northerly portion of the leased property and thence on a curve to the right to the westerly margin of East Marginal Way, which spur track may be used by Lessee in common with Lessors and Lessors' agents, employees, licensees, and



other tenants of any portion of Tracts 56, 61, 62, 63 and 64 of Moore's Five Acre Tracts, provided, however, that Lessee shall not block said spur track nor so use the same as unreasonably to interfere with the use thereof by Lessors and Lessors' agents, employees, licensees, and other tenants of said tracts. Lessee, at its own cost and expense, may construct crossings on said premises over said spur track, in which event Lessee agrees at its own cost and expense to keep said crossings in good condition and repair, and Lessee shall have the right to place, use and maintain a railroad siding on said premises from said spur track, providing said siding is so constructed and used as not to hinder the use of said spur track by Lessors and Lessors' agents, employees, licensees, and other tenants of said tracts.

5. Easement for Water Main and Pipes. Lessors also reserve an easement and right of way for the water main and water pipes now running through the demised premises and the right to enter upon the demised premises at all times during the term of this lease for the purpose of inspecting, maintaining and repairing said water mains, pipe lines, meters and hydrants.

6. Possession. Lessors shall deliver possession of the leased property to lessee on the first day of September, 1966; provided that:

(a) If (b) (6) occupies the leased property or any part thereof at the commencement of the term of this lease, Lessors shall

not be liable to Lessee for money damages, but in such event Lessors shall, at their own expense and utilizing all lawful means available to them, cause the removal of said occupant together with all structures placed thereon by the occupant by September 1, 1967. Lessee's obligation to pay rent under this lease shall be abated in the amount specified in paragraph (a) of clause 3 for each day that Lessee is not given full possession of the leased property by reason of such occupancy.

(b) If for any reason Lessors fail to cause the removal of any such occupant by September 1, 1967, Lessee may, by giving written notice to Lessors, terminate this lease as of that date. In the event of such termination, Lessee shall not be liable to Lessors in any amount whatever.

7. Use of the Leased Property. Lessee may use the leased property for parking or storage or for construction, maintenance and use of buildings and facilities in connection with its operations. Lessee may at any time, at its expense, tear down or remove any existing improvements to the property except as otherwise provided in this lease, and may construct, erect or make improvements to the property, including without

limitation filling, grading, and/or paving any portion of the leased property. Any buildings, installations, spur tracks, additions, attachments or fixtures constructed or placed by Lessee on the leased property that are not removed by Lessee prior to the termination or expiration of this lease, be and become the property of the Lessors, without payment therefor. Lessee may, and at Lessors' request shall, remove any such buildings, installations, spur tracks, additions, attachments, fixtures or other improvements; provided, however, that Lessee's obligation to remove such improvements shall not be deemed to include asphalt or concrete paving or other hard surfacing or other items upon which Lessors and Lessee may hereafter agree.

8. Title Insurance. As of the commencement of the term of this lease, Lessors shall furnish at their expense (at a cost not to exceed \$220.50, any additional cost to be borne by Lessee) a leasehold title insurance policy, insuring Lessee's leasehold estate in the leased property in the amount of \$50,000.00.

9. Condemnation. If, during the term of this lease, more than fifty per cent (50%) in area of the leased property as it exists at the time of the execution hereof is taken as the result of the exercise of the power of eminent domain, this lease, at Lessee's option, shall terminate on the date title is vested or lawful possession is taken by the condemnor, whichever first occurs, pursuant to the eminent domain



proceedings, said option to be exercisable by notice to Lessors on or before the sixtieth (60th) day after the institution of such eminent domain proceedings. If Lessee does not exercise such option, or if, during the term of this lease, less than fifty per cent (50%) in area of the leased property as it exists at the time of the execution hereof is taken as the result of the exercise of the power of eminent domain, then the amount of the rental to become payable hereunder on and after the date title is vested in, or possession taken by, the condemnor, whichever first occurs, pursuant to the eminent domain proceedings shall be reduced by the amount of rental proportionate to the part so taken. Any award made in eminent domain proceedings shall be distributed between Lessors and Lessee as follows:

(a) Lessors shall receive all sums awarded as compensation for the taking of the land (including grading, subgrading, and filling) and nothing contained in paragraph (b) of this clause 9 shall reduce these amounts.

(b) Lessee shall receive all sums awarded as compensation for the taking of any improvements made by Lessee upon the leased property (including without limitation buildings, installations, attachments, fixtures, paving and additions, but excluding grading, subgrading and filling of the land).

10. Taxes, Assessments and Charges.

(a) Lessee shall pay prior to delinquency all taxes, assessments and other governmental charges and charges for utilities used by Lessee levied or assessed against the leased property which shall become due and payable after the date on which Lessee is actually given possession of the leased property in accordance with clause 6, and during each and every calendar year thereafter up to and including the calendar year in which the lease term expires or in which the lease is terminated, irrespective of whether heretofore or hereafter assessed (except estate, inheritance, succession, capital levy, or transfer tax of Lessors, or income, excess profits, or revenue tax, or any other tax, duty, assessment, charge or levy upon the rentals payable by the Lessee under this lease). Lessors shall pay prior to delinquency all such taxes, assessments, and charges which are or may become due and payable prior to the date on which Lessee is actually given possession of the leased property in accordance with clause 6. Lessee shall also pay prior to delinquency all real or personal property taxes levied or assessed against the leased property which shall become due and payable during

the calendar year following the year in which termination of this lease occurs, but only to the extent that such taxes are attributable to buildings, installations, spur tracks, additions, attachments or fixtures or other improvements removed by Lessee on such termination.

(b) If by law any tax, assessment or governmental charge is payable, or at the option of the Lessee may be paid, in installments, Lessee may, without being in default hereunder, and without being relieved of the obligation to pay all of any such tax, assessment or governmental charge, except as may be otherwise provided in paragraph

(c) of this clause 10, pay the same with such interest as shall have accrued thereon, if any, in such installments as they become due and payable, but in any event before any fine, penalty, or cost may be added thereto for nonpayment of any installment or interest.

(c) As to any special assessment for public improvements payable in installments, the lien for which is imposed during the term of this lease, Lessee shall pay all such installments falling due prior to the date of termination or expiration of this lease.

(d) Lessee shall have the right to contest

all taxes, assessments, utility charges, duties, liens, or charges which it herein agrees to pay and any and all laws, rules, orders, ordinances and regulations which it has anywhere herein agreed to comply with, and shall have the right to defer payment or compliance pending the termination of such contest, and Lessee hereby covenants and agrees to indemnify Lessors against any liability, loss, damage, cost or expense resulting from the deferment of payment, noncompliance with, or contest of any such tax, assessment, utility charge, duty, lien, or charge so contested or the non-compliance with, or contest concerning, any such law, rule, order, ordinance or regulation so contested.

11. Compliance with Law. Lessee shall comply with all laws, rules and regulations of any governmental agency having jurisdiction of the leased property affecting its use of such property.

12. Assignment and Sublease. This lease shall not be assignable by Lessee except that Lessee may without Lessors' consent assign to the U. S. Government or to any agency or instrumentality thereof and Lessee may without Lessors' consent sublet the leased property, in whole or in part to any subtenant; provided, however, that any such assignment or subletting shall not relieve Lessee from any of its obligations

under this lease.

13. Default of Lessee. If at any time during the term of this lease Lessee shall fail to pay the rentals provided for herein or if Lessee shall fail to comply with any of the terms and conditions of this lease relating to the obligations of Lessee, then Lessors shall give written notice to Lessee to pay such rentals, or otherwise comply with the terms and provisions of this lease, as the case may be. If such default is not cured within thirty (30) days after receipt by Lessee of such notice, Lessors shall have, in addition to such remedies as may be afforded by the laws of the State of Washington, the power and right to declare this lease cancelled and to re-enter the leased property. But notwithstanding such cancellation and re-entry by Lessors, the liability of the Lessee for the rent provided for herein shall continue. In the discharge of such liability Lessee covenants and agrees that should the Lessors re-enter and re-let the property at a lesser rent than herein reserved, the Lessee will make good the deficiency each year as the amount is determined by the Lessors for a period from such re-entry to the next date as of which this lease may be terminated; provided, however, that if this lease or any part thereof be assigned to the U. S. Government or to any agency or instrumentality thereof, any such notice with respect to default shall be given to both assignor and assignee and the period within which such default must be cured to



avoid such right of cancellation by Lessors shall be sixty (60) days after receipt of such notice by assignor and assignee; provided, further, that upon any such cancellation as herein provided, Lessors shall use reasonable efforts to relet the property at the highest rental obtainable.

14. Indemnity. Lessee covenants and agrees to indemnify Lessors against any liability, loss, damage, cost or expense resulting from:

(a) Any lien or encumbrance arising from Lessee's use of the leased property, or Lessee constructing, erecting or making improvements therein;

(b) Any damage or injury of whatsoever kind or by whomsoever caused to any person or property on or about the leased property, however caused, and whether due in whole or in part to any act or acts or negligence on the part of Lessors, their agents or servants, whether such acts be active or passive, except to the extent caused by negligence on the part of Lessors, their agents or servants, occurring subsequent to the commencement of the lease term; provided, that the foregoing indemnity shall be applicable only to the extent of any liability not covered by or in excess of such valid and collectible insurance as Lessors may have in effect at the time

of such liability, without in any way obligating Lessors to carry any such insurance.

15. Insolvency. In the event Lessee becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee, or other liquidating officer is appointed for the business of Lessee, then Lessors may terminate this lease at their option.

16. Waiver. Failure of Lessors to insist upon strict performance of any of the covenants and agreements of this lease shall not be construed as a waiver or relinquishment of any such covenants or agreements, or any other covenants or agreements, but the same shall be and remain in full force and effect. The receipt of rent, with or without knowledge of any breach of this lease, shall not be deemed to be a waiver as to any breach of any covenant or agreement contained herein, and the receipt of rent after any breach of this lease shall be construed to be payment for the use and occupancy of the property and no waiver shall be claimed as to any provision of this lease unless the same be in writing, signed by the Lessors.

17. Rental Payments and Notices. Rental payments and any notice or request required or authorized hereunder shall be given in writing and sent by registered mail to the address indicated below, or to such other address as the party to receive the notice or request shall designate:

100-10001 c/o Trust Department  
The National Bank of Commerce of Seattle  
Second and Spring Street  
Seattle 4, Washington

100-10001 The Boeing Company  
P.O. Box 3707  
Seattle 24, Washington  
Attention: Director of Planning.

100-10001 This lease is assigned to the U. S. Government or  
to its agency or instrumentality thereof, any notice required  
as provided hereunder to be given to such assignee, shall be  
given to the assignee at such address as Lessee shall advise  
Lessor, and in the absence of such advice no such notice  
need be given.

100-10001 11. Successors and Assigns. The terms, conditions  
and provisions of this lease shall be binding upon and inure  
to the benefit of the parties, their heirs, executors, admini-  
strators, successors and assigns.

100-10001 12. WITNESS WHEREOF, the parties have caused this in-  
strument to be executed the day and year hereinabove first  
written.

100-10001 \_\_\_\_\_  
Assunta Desimone

100-10001 THE NATIONAL BANK OF COMMERCE OF SEATTLE

100-10001 By \_\_\_\_\_  
Its \_\_\_\_\_

100-10001 \_\_\_\_\_  
Harold S. Shefelman

100-10001 \_\_\_\_\_  
Richard Desimone

100-10001 \_\_\_\_\_  
Mondo Desimone

100-10001 As Trustees under the Last Will and  
Testament of Guiseppe Desimone, Deceased

100-10001 DFT 000957